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ABSTRACT

This short course is designed to provide the student with specific techniques for developing a personal financial plan. The course outlines five 40-minute sessions, each including objectives, appropriate exercises, student worksheets, and transparency masters. Unit titles are: Getting Organized--What Records Are Needed; Setting Goals--From Dreams to Reality; Borrowing and Credit--How Far to Go; Budgeting--A Blueprint for Success; and Protecting Your Finances--How to Gain Assistance. A pretest and a posttest are provided. Additional materials for the instructor wishing to expand or adjust the program are provided in the appendixes. A bibliography is found at the end of the materials. (YLB)

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PLANNING AND MANAGING PERSONAL FINANCES

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INTRODUCTION

Sound financial planning and careful money management are increasingly important in today's economy. The quality of one's life is affected by how successfully personal finances are managed. A new awareness of the individual as financial planner has developed recently, and individuals are exercising greater control over their financial resources.

This curriculum is designed to provide the student with specific techniques for developing a personal financial plan. The curriculum outlines five 40-minute sessions, each including appropriate student worksheets and transparency masters. Additional materials for the instructor wishing to expand or adjust the program are provided in the Appendices.

The *Pretest* and the *Posttest* should be used to measure knowledge acquired as a result of this study and to solicit feedback from students regarding the quality of the course content.

UNIT I
GETTING ORGANIZED

What Records Are Needed

OBJECTIVES

Help students

Identify sources of income and expenditures

Determine personal worth

Identify important documents; determine how long to keep financial records; and organize a basic filing system

RESOURCES

Student Worksheet I-1: *Pretest*
Student Worksheet I-2: *Balance Sheet*
Student Worksheet I-3: *Document Checklist*
Student Worksheet I-4: *Filing Systems*

Transparency Master I-1: *Organize for Financial Fitness*

INSTRUCTIONAL ACTIVITIES

1. Ask students to complete Student Worksheet I-1, *Pretest*. Collect and save these evaluations until the end of the course. They can be compared with the *Posttest* to measure students' progress.

2. Introduce students to the curriculum by giving them an overview of all five units. Explain to students that this course is designed to help them learn personal financial planning and money management. Activities will enable students to develop a plan to manage their personal finances.

3. Project Transparency I-1, *Organize for Financial Fitness*, onto the screen. Explain to students that personal financial management involves more than monetary decisions; it is also composed of choice of career, type of job, state of the economy, and educational level.

4. Write the following definition of *income* on the chalkboard: *a gain or recurrent benefit, usually measured in money, that derives from capital or labor.*

5. Ask students to suggest different forms of income. Model answers include wages, interest on savings, alimony, dividends from stocks and bonds, overtime wages, extra income from a part-time job, Social Security, and pension benefits. Write all comments on

the chalkboard during this brainstorming session. Ask students to make a written list of their personal sources of income.

6. Another list should be made of all expenditures, indicating monthly and yearly expenses. Be sure students include rent or mortgage payments, automobile and education loans, charge accounts, credit cards, and insurance payments.

7. Now that students have listed both their income and thier expenses, they can combine the information to figure net worth. Distribute Student Worksheet I-2, *Balance Sheet*, and explain to students that assets include all property of value and liabilities include all debts.

8. Distribute Student Worksheet I-3, *Document Checklist*. After students have read the list, ask them to complete the worksheet by checking the appropriate documents. The checklist is composed of financial documents commonly received by the average American family.

9. Ask students why reference and retrieval of documents is important. Cancelled checks, for example, provide proof of payment and serve as receipts for record-keeping purposes.

10. Tell students that they may file most financial records and important papers at home; however, some financial planners suggest that documents such as birth certificates, marriage licenses, wills, and vehicle titles be kept in a safe-deposit box. Suggest that a central spot be chosen for a drawer or cabinet, to be used solely for storing important papers.

11. Distribute Student Worksheet I-4, *Filing Systems*, and discuss the information with students.

STUDENT WORKSHEET I-1
PRETEST

This curriculum on financial planning and management is designed to help you manage resources more effectively, develope realistic financial goals, and accomplish those goals through proper planning. Please take a few minutes to respond to the statements below.

TRUE OR FALSE (Circle the appropriate response.)

True False 1. Financial management involves many things other than money.

True False 2. It is not necessary to keep cancelled checks after your checkbook is balanced.

True False 3. Budgeting is an organized plan whereby one matches expected income to expected expenses.

True False 4. A traditional approach to financial protection would include the purchase of an insurance policy.

True False 5. Flexibility and adaptability are not important when setting personal financial goals because it should not be necessary to change financial goals once they are set.

STUDENT WORKSHEET I-2
BALANCE SHEET

Current information as of _____.
Date

ASSETS		LIABILITIES	
CASH	_____	LOANS	_____
SAVINGS	_____	CHARGE ACCOUNTS	_____
CHECKING ACCOUNTS	_____	INSURANCE PREMIUMS	_____
AUTOMOBILES	_____	OTHER LIABILITIES	_____
OTHER ASSETS	_____		_____
	_____		_____
	_____		_____
	_____		_____
TOTAL ASSETS	_____	TOTAL LIABILITIES	_____

TOTAL ASSETS	_____
LESS TOTAL LIABILITIES	_____
EQUALS NET WORTH	_____

STUDENT WORKSHEET I-3
DOCUMENT CHECKLIST

Below is a list of important documents that each individual should have, if applicable, and the length of time each document should be saved.

Check the documents in your possession.

	DOCUMENT	SAVE
_____	Birth certificate	Indefinitely
_____	Vehicle title	Until vehicle is sold
_____	Cancelled checks	Seven years
_____	Bank statements	Seven years
_____	Tax returns	Seven years from filing date
_____	Receipts for large purchases (eg., range or refrigerator)	Until item is sold or discarded
_____	List of credit card account numbers	As long as cards are in use
_____	Insurance policies	While in force
_____	Lease or rental agreement	Until residence is changed
_____	Deed to real estate	Until property is sold or transferred

STUDENT WORKSHEET I-4
FILING SYSTEMS

The purpose of a filing system is to allow the retrieval of documents. It is of no value to save records that cannot be found when needed.

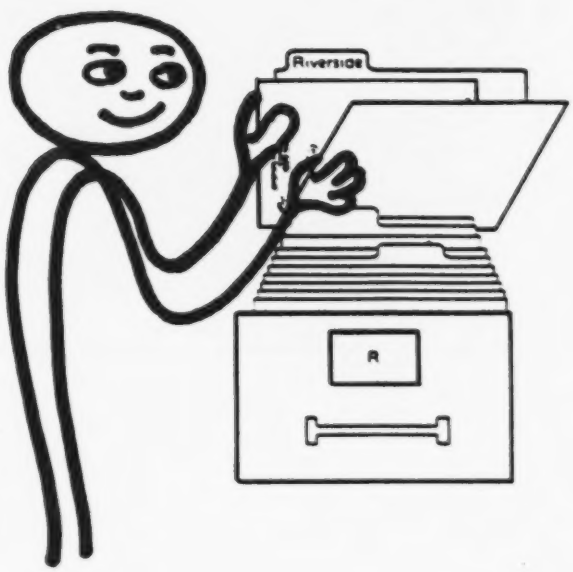
There are four basic types of filing systems.

1. Alphabetic
2. Numeric
3. Subject
4. Geographic

Financial records may be filed according to any system that is most appropriate for the materials being filed. (There are other methods of placing information on computer software programs.)

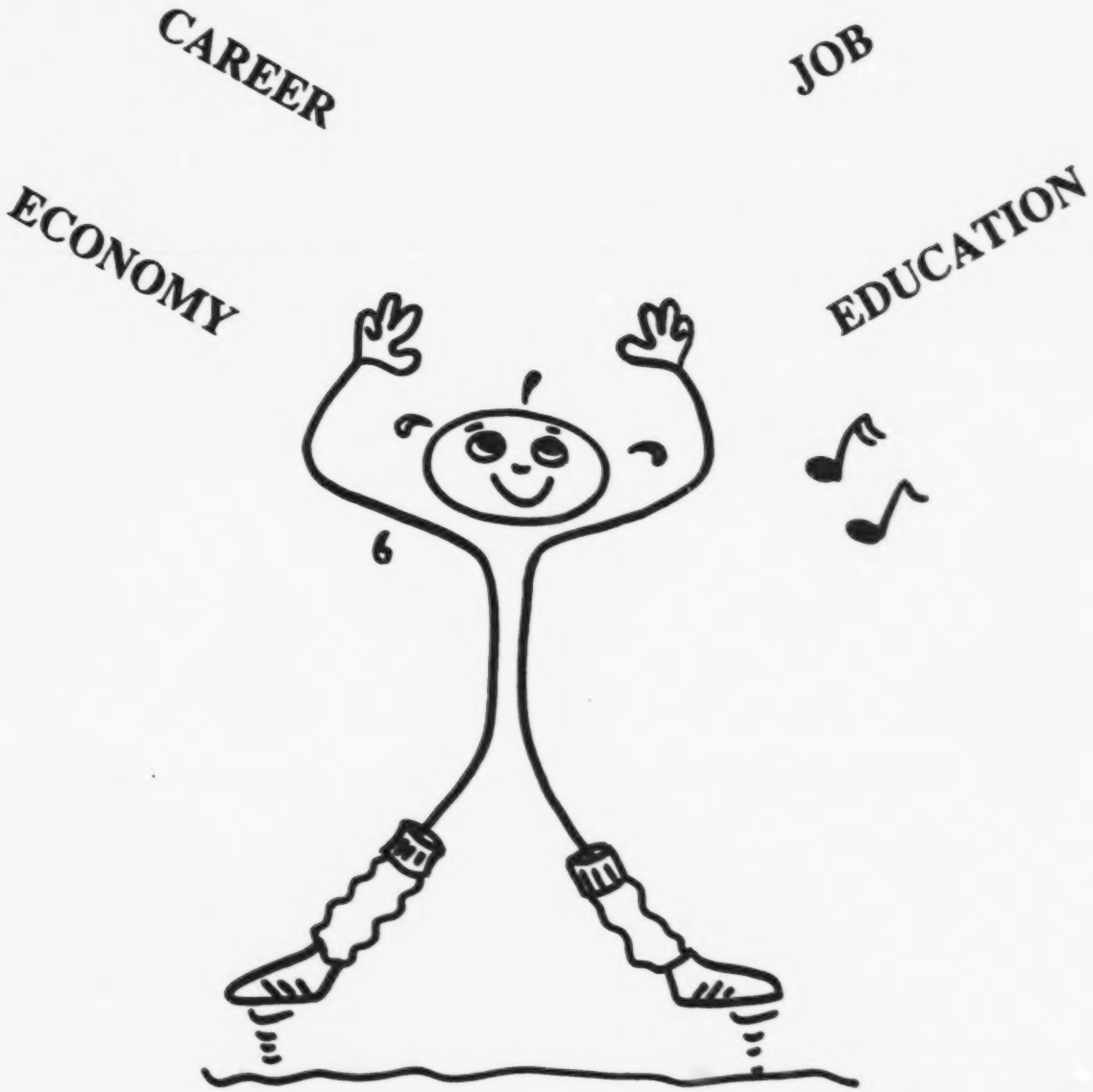
For home and for small offices, financial records and other documents may be filed alphabetically for convenience. If possible, choose a file drawer that will not be used for other purposes.

STORAGE OF DOCUMENTS IN A SINGLE DRAWER, ALPHABETIC FILING SYSTEM



TRANSPARENCY I-1

ORGANIZE FOR FINANCIAL FITNESS



UNIT II
SETTING GOALS

From Dreams to Reality

OBJECTIVES

Help students

Understand the importance of setting goals

Set achievable long-term goals and short-term goals

Recognize the importance of time lines for planning and achieving goals

RESOURCES

Student Worksheet II-1:	*Financial Goal Statements*
Student Worksheet II-2:	*Checklist for Setting Goals*
Student Worksheet II-3:	*Information Brief on Wage Differences*
Student Worksheet II-4:	*Information Brief on Roommates*
Transparency Master II-1:	*Goal*
Transparency Master II-2:	*Control*

INSTRUCTIONAL ACTIVITIES

1. Write the following definition of *goal* on the chalkboard: *the end result that efforts are directed toward.*

2. Project Transparency II-1, *Goal*, onto the screen and explain to students that without goals, it is difficult to accomplish tasks. Goals are like road maps; they help people get where they want to go in life. Also, much time can be saved when proper planning precedes activities. Project Transparency II-2, *Control*, onto the screen and explain that individuals can really control their own time only when decisions are made and priorities are set.

3. Brainstorm reasons for setting financial goals and write examples on the board. Allow students the time to generate as many ideas as possible. Some examples follow.

   a. Continue education

   b. Buy a car

   c. Purchase a house

   d. Take a trip

4. Ask students to consider their individual financial goals. (Give them several minutes to think about their future plans.) Distribute Student Worksheet II-1, *Financial Goal Statements*, and discuss it with students. Have students list three short-term goals (one year or less) and three long-term goals (longer than one year) on the bottom of the worksheet.

5. Distribute Student Worksheet II-2, *Checklist for Setting Goals*. Students should transfer several of their goals to this checklist to consider the date by which each goal can be accomplished and the amount of money necessary to attain each financial goal. Discuss some of the projected dates and amounts with students.

6. There is a need for flexibility and adaptability when setting goals. Below are examples of economic, social, and environmental changes that can affect financial goal-setting. Students could note other changes that require flexibility in setting goals.

   a. Economic - Financial plans can be significantly affected by a change in, or the loss of, employment.

   b. Social - Personal financial goals may change due to marriage, divorce, retirement, or the death of a spouse.

   c. Environmental - Changing environmental conditions, such as a factory shut-down, may impact financial plans.

7. Divide the class into two groups and have each group select a spokesperson. Distribute Student Worksheet II-3, *Information Brief on Wage Differences*, to one group, and Student Worksheet II-4, *Information Brief on Roommates*, to the other group. Allow ten minutes for the groups to discuss the worksheets, then ask the spokespersons to report their findings to the whole class.

STUDENT WORKSHEET II-1
FINANCIAL GOAL STATEMENTS

A financial goal is an end that efforts are directed toward when saving, investing, or spending money.

Financial planners consider short-term and long-term goals when planning the use of money. The goals must be clear and specific.

EXAMPLES

a. I will save five dollars each month for four months to buy a sweater at Brand Store.

b. I will contribute two dollars each week for fifty weeks to my 1988-1989 Christmas Club account at my bank so I will have money to spend next Christmas.

c. I will put fifty dollars a month into my passbook savings account for three years to save money for a used car.

Some planners use a goal-oriented checklist to organize their goals. The first step is to list three goals in each category below.

SHORT-TERM GOALS
(One year or less)

1. _____

2. _____

3. _____

LONG-TERM GOALS
(Longer than one year)

1. _____

2. _____

3. _____

STUDENT WORKSHEET II-2
CHECKLIST FOR SETTING GOALS

Financial goals can best be met when the goal is clear, when a time line is set for accomplishing the goal, and when the amount of money required to meet the goal is clearly defined.

To the examples below, add four examples of your own from the previous worksheet, so that you can later check to see if you have accomplished your financial goals as planned. For each of the seven examples, provide the information requested.

GOAL	DATE NEEDED	AMOUNT NEEDED
Automobile	_____	_____
Education	_____	_____
House	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

STUDENT WORKSHEET II-3
INFORMATION BRIEF ON WAGE DIFFERENCES

Wage differences exist in different types of jobs. There is also a gap between the earnings of women and men. The latest Census Bureau statistics show that a woman earns 70 cents for every dollar a man earns. The gap in earnings can be blamed, at least in part, on the types of jobs held by women. Average hourly earnings among full-time workers were found to be $10.82 for men and $7.52 for women, for a disparity of 70 cents on every dollar.

The important message is to plan ahead to acquire skills in those job areas traditionally held by men. More women should enroll in programs such as engineering, science, law, and mathematics. Both sexes should focus on technical skills training.

Workers with critical technical skills will be retiring at an increasingly rapid rate. Industry, for example, is training only one-fourth of the skilled machinists needed each year. This is one example of a skilled trade area that women might pursue.

Women will account for two-thirds of the labor force growth during the 1990's. Moreover, rapid growth in female heads of households will continue to contribute to increases in the number of women who want to work.

Choice of a career is a major decision and should be carefully considered. Wage-earning potential and general life satisfaction are linked to career choice.

Visit your school library or public library for more information about careers. Talk to your friends, teachers, parents, and counselors about earning capabilities in various occupations. Select a career that will provide you with the income you desire for your future.

STUDENT WORKSHEET II-4
INFORMATION BRIEF ON ROOMMATES

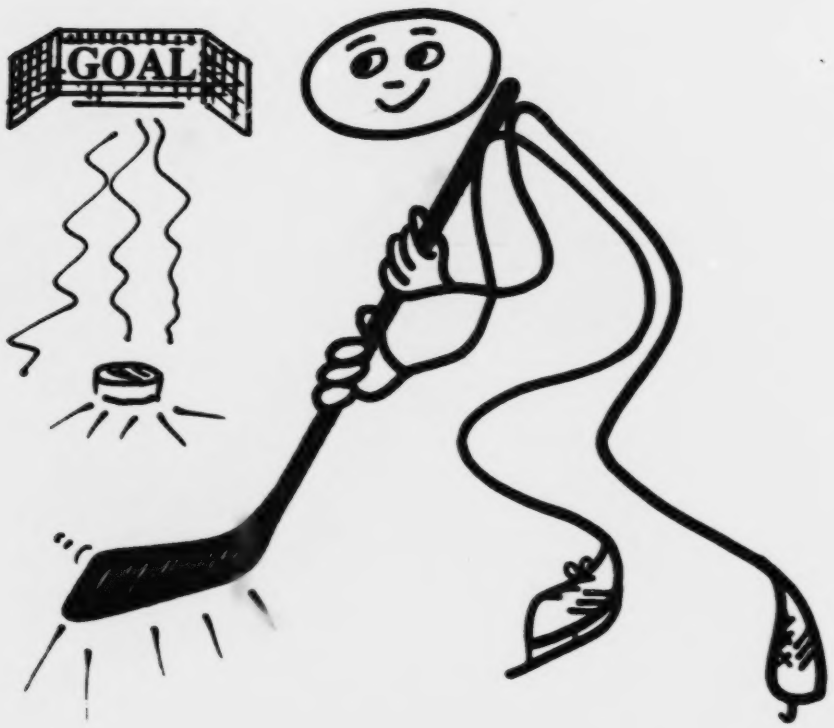
Saving money is the obvious advantage of sharing an apartment or a house with another person. Rent, utilities, and grocery costs can be divided equally. Sharing expenses with a roommate enables one to achieve a financial goal sooner than planned.

However, many conflicts can arise when sharing an apartment or a home with another person. Living with a roommate can cause conflicts that are not easily resolved. The extra money realized by sharing costs is often not compensation enough for the disadvantages of sharing living quarters.

Finding a good roommate, one with whom you can share a compatible life-style, is difficult at best. There are various roommate-finding services available on college campuses and in larger cities. Before you agree to move in with someone or let someone move in with you, check them out thoroughly. It is better to be too cautious than not careful enough when selecting a roommate.

TRANSPARENCY II-1

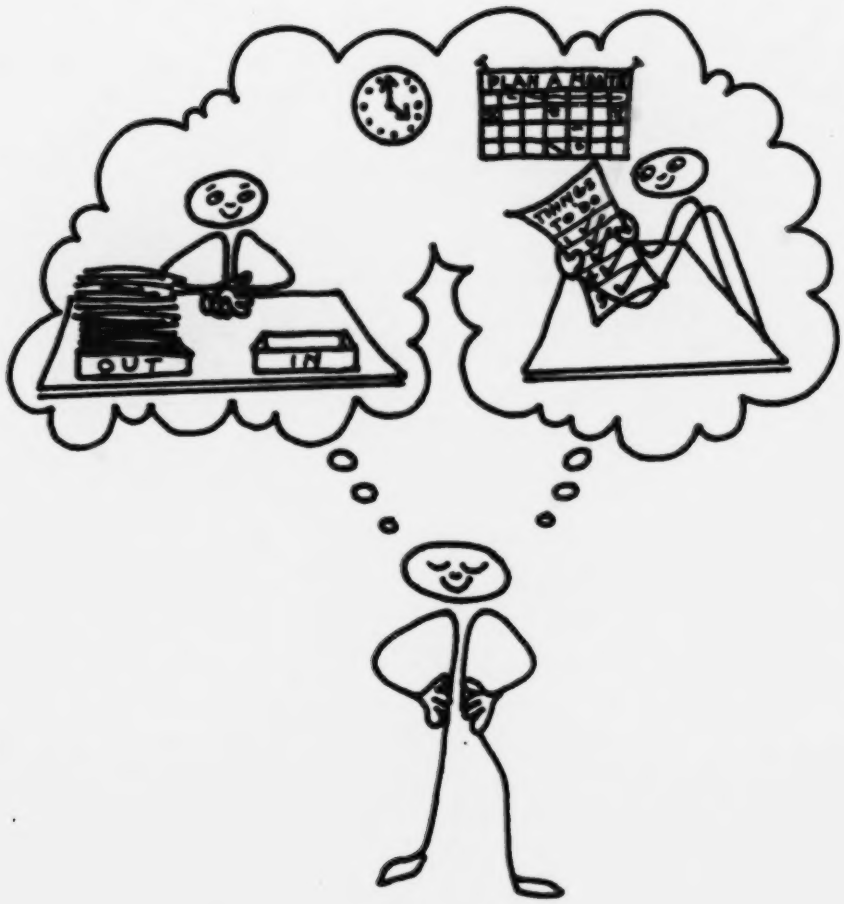
GOAL



**TO SCORE IN THE GAME OF LIFE,
YOU MUST FIRST HAVE A GOAL!**

TRANSPARENCY II-2

CONTROL



GOAL-DIRECTED PEOPLE CONTROL THEIR TIME

20

UNIT III
BORROWING AND CREDIT

How Far to Go

OBJECTIVES

Help students

Understand borrowing and lending and identify the pitfalls of each

List advantages and disadvantages of credit buying and cash buying

Understand motives for saving money

RESOURCES

Student Worksheet III-1: *Pitfalls of Borrowing and Lending*
Student Worksheet III-2: *Credit Worthiness*
Student Worksheet III-3: *Charge Application*

Transparency Master III-1: *Equal Credit Opportunity Act of 1975*

INSTRUCTIONAL ACTIVITIES

1. Tell students that centuries ago, Shakespeare, in an effort to lighten the mood in *Hamlet*, had one of his characters caution that one should "neither a borrower nor a lender be."

2. Ask students to comment on Shakespeare's advice. The following sample questions may be used to stimulate the discussion.

   a. *Can one live in today's society without borrowing money?*

   b. *What are some items that one might buy using credit?*

   c. *In what situations might you be willing to lend money?*

3. Tell students that most people use credit to buy houses, cars, furniture, and other big-ticket items. Securing credit for these items has advantages and disadvantages for the borrower.

ADVANTAGES	DISADVANTAGES
a. Can buy things when needed	a. Must pay finance charges
b. Can postpone cash outlay	b. May go too deeply into debt

4. Distribute Student Worksheet III-1, *Pitfalls of Borrowing and Lending*. Ask students to give examples of negative experiences they have encountered.

5. Credit is like any other product that has a price. Offer students the following example of the amount of debt one can reasonably carry.

   EXAMPLE

   If an individual is earning $10,000 annually, that individual has about $7,500 after taxes are deducted. Therefore, a monthly income of $625 exists. In order to live within this income, one should not pay various creditors more than $125 per month. This amount is 20 percent of the disposable income (after taxes and deductions).

6. Ask students to suggest ideas for living with the income in the above example. Tell them to consider rent, food, and utilities before car payments, recreation, and clothing.

7. Distribute Student Worksheet III-2, *Credit Worthiness*, and ask students to read the information. Discuss the following questions with students:

   a. *Why would a deficit in any of the six areas be a cause for denial of credit?*

   b. *Do you know anyone who has been denied credit?*

   c. *Do you know why they were denied credit?*

   d. *How can it be determined if an applicant has character or common sense?* (One can determine assets like character and common sense by a subjective decision. Measurement or quantification cannot be done during an interview with the credit applicant. One answer students might offer is that personal or professional references may be checked.)

8. Project Transparency III-1, *Equal Credit Opportunity Act of 1975*, onto the screen. Discuss how the act protects individuals from discrimination.

9. Distribute Student Worksheet III-3, *Charge Application*, and have students complete it. Role-playing a loan situation will help prepare students. Have one student play a credit manager and another act the part of a loan applicant.

10. Ask students to suggest reasons for saving money on a regular basis. Long-term and short-term goals should be considered when

discussing motives for saving money. Some possible responses follow.

a. Financial emergencies, such as car repairs

b. Personal illness

c. Social events

d. Vacations

e. Education

f. Retirement

STUDENT WORKSHEET III-1
PITFALLS OF BORROWING AND LENDING

People and businesses borrow money every day for various reasons. There is nothing wrong with borrowing money; however, there are assumptions made by both the borrower and the lender at the time of the loan.

BORROWER	LENDER
1. Needs the money	1. Believes the money will be repaid
2. Expects to repay the money	2. Expects to receive the money on schedule

Sometimes circumstances alter the borrowing and lending situation. If, for example, the borrower cannot repay the money, or if the lender has not established a reasonable repayment date, trouble can ensue. Both the borrower and the lender need to be aware of these potential pitfalls.

STUDENT WORKSHEET III-2
CREDIT WORTHINESS

Before loan officers or credit managers lend money, they must determine if the applicant is a good risk. The applicant must be able to pay bills in an acceptable and responsible manner. In order to make this decision, a credit manager considers the applicant's qualifications. A person who is considered a good credit risk usually meets the standards referred to as the six C's of credit. Applicants who satisfy these criteria can generally expect to receive the loan or credit they have requested. Failure to meet these standards can result in a denial of credit.

1. Character - is willing to honor the agreement
2. Capacity - is able to repay the loan
3. Capital - has sufficient assets
4. Conditions - has stability in employment
5. Collateral - has sufficient property or possessions
6. Common sense - has decision-making abilities

STUDENT WORKSHEET III-3
CHARGE APPLICATION

Please print clearly.

NAME ON ACCOUNT First_____ Mi____ Last_____

Address_____

City_____ State_____ ZIP_____

Phone_____-_____ How long at this address_____

Check one: ____Own ____Rent ____Lease ____Other
If other, please explain_____

Previous address, if less than three years at current address _____
_____

Employer_____ How long_____
Address_____ Phone_____
Occupation_____

COMPLETE THIS SECTION FOR JOINT ACCOUNT Name of second party_____
Address_____ Phone_____
Employer_____ How long_____

Other income_____ Amount_____

CREDIT REFERENCES
Bank_____ Account #_____
Bank_____ Account #_____
Automobile_____ Monthly payment $_____
Credit card_____ Account #_____
Credit card_____ Account #_____
Other_____

Nearest relative not living with you_____
Address_____

I understand the terms and conditions of this credit application, including service charges and fees. I have read the information on the reverse side of this application and agree to abide by it completely.

_____ _____ _____
Applicant's Signature Social Security # Date

TRANSPARENCY III-1
EQUAL CREDIT OPPORTUNITY ACT OF 1975

Credit may not be denied for discriminatory reasons. The Equal Credit Opportunity Act of 1975 outlaws discrimination in judgments of credit worthiness. The Act provides that credit may not be denied for any of the following reasons:

1. Because you are a woman, single, married, divorced, separated, or widowed

2. Because of your religion, national origin, race, color, or age

3. Because you receive welfare, unemployment, Social Security, or retirement benefits

There are other prohibitions in the act to protect credit applicants from discrimination in determining credit worthiness. There are also numerous other federal laws designed to protect consumers and enable them to receive fair treatment when applying for credit. Prudent financial planners should become familiar with all the laws.

UNIT IV
BUDGETING

A Blueprint for Success

OBJECTIVES

Help students

Determine how money is spent and prevent careless spending

Write a sample budget listing estimated income and expenditures

Organize financial resources

RESOURCES

Student Worksheet IV-1: *Simple Budget Worksheet*

Transparency Master IV-1: *Sample Budget for Student*
Transparency Master IV-2: *Sample Budget for Couple*

INSTRUCTIONAL ACTIVITIES

1. Give students ten minutes to review the income and expense items identified in steps 5 and 6 of Unit I.

2. Ask students to review the financial goals identified in step 4 and 5 of Unit 2.

3. Remind students that spending patterns vary widely among budgeters, depending on

   a. Income

   b. Family size

   c. Age

   d. Residence (including geographic location)

   e. Life-style

4. Write this statement on the chalkboard: *Budgeting is an organized plan whereby one matches expected income to expected expenses.*

5. Project Transparency IV-1, *Sample Budget for Student*, or Transparency IV-2, *Sample Budget for Couple*, onto the screen. Discuss the example with students.

6. Tell students that there are three basic steps in setting up a budget.

   a. Estimate total expected disposable income for a certain time period (income after deductions, such as income tax and Social Security).

   b. Estimate expenses for day-to-day purchases.

   c. Decide how much money you can save for the same time period.

7. Distribute Student Worksheet IV-1, *Simple Budget Worksheet*. Ask students to estimate income, savings, and expenses for a one-month budget.

8. Discuss expenses and options so that students can remain within their budget limitations.

STUDENT WORKSHEET IV-1
SIMPLE BUDGET WORKSHEET

Name_____ Month_____

INCOME (monthly) _____

EXPENSES (monthly) _____

- Savings _____
- Rent _____
- Groceries _____
- Automobile _____
- Gasoline _____
- Insurance
  - Automobile _____
  - Life and health _____
- Utilities (average) _____
- Telephone _____
- Miscellany or contingency _____
- Vacation _____
- Recreation _____
- Cable television (e.g., Cinemax, Disney) _____

TOTAL EXPENSES _____

TRANSPARENCY IV-1
SAMPLE BUDGET FOR STUDENT

INCOME (monthly)	
Work (part-time)	$ 350.00
Allowance	40.00
Lunch money	50.00
TOTAL INCOME	440.00
EXPENSES (monthly)	
Savings	200.00
Lunches	45.00
Automobile	90.00
Clothing	40.00
Miscellaneous supplies, snacks, and recreation	65.00
TOTAL EXPENSES	$ 440.00

TRANSPARENCY IV-2
SAMPLE BUDGET FOR COUPLE

INCOME (monthly combined)	$2,000.00
EXPENSES (monthly)	
Savings*	200.00
Rent	350.00
Groceries	300.00
Automobile	225.00
Gasoline	100.00
Insurance	
Automobile	45.00
Life and health	65.00
Utilities (average)	100.00
Telephone	65.00
Miscellany or contingency**	315.00
Vacation***	100.00
Recreation	100.00
Cable television (e.g., Cinemax, Disney)	35.00
TOTAL EXPENSES	$2,000.00

*Savings account monies are deposited in a passbook account or a certificate of deposit.
**Miscellany and contingency expenses are deposited in an interest-bearing checking account.
***Vacation savings are handled through a vacation-club account that is also an interest-bearing account.

Note: types of savings accounts vary among banks, as do interest rates. It is wise to shop around for the best interest rate available on your savings accounts.

UNIT V
PROTECTING YOUR FINANCES

How to Gain Assistance

OBJECTIVES

Help students

Compare risk management and the traditional approach for protecting assets

Evaluate the need for a financial consultant and determine when to purchase insurance

Identify and assess the risks involved in financial management

RESOURCES

Student Worksheet V-1: *Analysis of Financial Protection*
Student Worksheet V-2: *Posttest*

Transparency Master V-1: *Manage Risk*

INSTRUCTIONAL ACTIVITIES

1. Review the steps in developing a personal action plan for money management by writing them on the board.

   a. *Organize financial records.*

   b. *Set financial goals.*

   c. *Consider borrowing money and buying on credit.*

   d. *Prepare a preliminary budget.*

   e. *Learn to protect your assets.*

2. Discuss comments or suggestions students may have regarding the first four units.

3. Ask students to name reasons for building flexibility into their financial plan. Model responses include

   a. Change in job or marital status

   b. Economic growth or lack of growth

   c. Rise in inflation

d. Personal or family illness

e. Unexpected necessary purchases

4. Introduce the concept of a traditional approach to financial protection. Consumers often buy insurance from commercial insurers to protect purchases. The buyer is often unaware of the conditions of the insurance policy and sometimes purchases the policy as a condition of loan or credit terms. Thus, for many consumers, insurance coverage may not be analyzed for financial effectiveness.

5. Project Transparency V-1, ***Manage Risk***, onto the screen and introduce the concept of risk management as it relates to protecting assets. Considerably broader in scope than the traditional approach, risk management involves identifying various risks and measuring financial impact.

6. Distribute Student Worksheet V-1, ***Analysis of Financial Protection.*** Use the worksheet to discuss with students the two concepts of financial protection.

7. Students can obtain technical assistance for financial planning and money management by consulting a professional. Some resource people include

   a. Lawyers

   b. Accountants

   c. Insurance Representatives

   d. Tax Specialists

   e. Certified Financial Planners

   f. Stockbrokers

   g. Investment Counselors

   h. Bankers

8. Specialists are compensated for their advice and assistance. They should be consulted when one has major decisions to make concerning large amounts of money. For example, when a house is purchased, generally the purchaser will seek advice from an attorney, an accountant, an insurance agent, or a lending agency. Ask students for other examples of when a specialist should be consulted.

9. Caution students that a growing number of people are calling themselves financial planners and financial specialists. To be certain of finding an experienced professional, ask for references from other persons who have used the services of the planner, or ask about qualifications, such as education and experience in

financial planning. Family, friends, and colleagues can also recommend people to contact for assistance.

10. Individual, personal financial planning should always be emphasized. Students should not let a financial consultant make any final decisions for them. Personal financial goals can best be met when advice is carefully considered and a decision is made by the individual. Students should decide for themselves how money will be spent, saved, or invested.

11. Statistics show that most families have some form of life and medical insurance. Most employees are insured by group coverage through their employer. Discuss various types of insurance, including disability and personal property.

12. Ask students to consider the risk of losing income due to personal disability. Ask students the following questions:

    a. *Do you have disability insurance?*

    b. *Is your current disability coverage adequate for loss of work income?*

    c. *How soon after you have reported a disability will your insurance begin to pay you?*

    d. *How long will your disability coverage last?*

13. Remind students that serious financial planners periodically reevaluate the risk of loss. Personal property, furniture, appliances, jewelry, clothes, and other items in one's home are subject to loss or damage. Suggest that students take a complete inventory of personal property in each room of the home or apartment. Lists, photographs, and videotapes may be used to inventory personal property. These should be kept in a secure place outside the home.

14. Distribute Student Worksheet V-2, *Posttest*, to students. Collect the evaluations when students have completed them. Then go over the five true-or-false statements with the students and allow them to answer and discuss the statements. (Suggest that they retain their notes to review when budgeting in the future.) Explain that these statements summarize some common myths about financial planning and management. Responses to the statements follow.

    Response to Statement 1: The correct response is *true*. Personal financial planning and management involve more than monetary decisions, but also choice of career, type of job, state of the economy, and educational level.

    Response to Statement 2: The correct response is *false*. Because tax audits extend over seven years, it is necessary to keep

cancelled checks for this period of time to validate expenditures. Cancelled checks are important financial records.

Response to Statement 3: The correct response is *true*. A budget is a plan for the coordination of resources and expenditures. A budget can outline the amount of money available for, required for, or assigned to a particular purpose.

Response to Statement 4: The correct answer is *true*. The purchase of an insurance policy from an insurance agent or as a part of a loan agreement is a traditional approach to financial protection. Statistics show that most families have some form of insurance.

Response to Statement 5: The correct answer is *false*. Economic, social, and environmental changes can affect financial goals. It is necessary to remain flexible and adaptable with goals in order to meet your most important needs and objectives.

STUDENT WORKSHEET V-1
ANALYSIS OF FINANCIAL PROTECTION

Consider that you have just purchased a new home. If you are like most people, you purchased a homeowner's insurance policy from an agent who told you what the policy contains. This is known as the traditional approach to financial protection, and it has been followed for many years. With the risk-management approach, a broader view of protection, you would first identify the risk of loss in your new home. Some considerations for which property owners are liable include

a. Theft

b. Fire

c. Flood

d. Bodily injury to someone on your property

e. Replacement cost of your home and its furnishings

f. Tornado and other natural disasters

After the risks are identified, you would determine the seriousness of each. Some risks need to be given high priority and require extra protection; others require less. After assessment is completed, decisions need to be made regarding how each risk will be handled. Generally, serious risks are assumed by commercial insurers. Nonserious risks may or may not be covered by insurance.

STUDENT WORKSHEET V-2
POSTTEST

This curriculum on financial planning and management was designed to help you manage resources more effectively, develope realistic financial goals, and accomplish those goals through proper planning. Please take a few minutes to respond to both sections below.

TRUE OR FALSE (Circle the appropriate response.)

True False 1. Financial management involves many things other than money.

True False 2. It is not necessary to keep cancelled checks after your checkbook is balanced.

True False 3. Budgeting is an organized plan whereby one matches expected income to expected expenses.

True False 4. A traditional approach to financial protection would include the purchase of an insurance policy.

True False 5. Flexibility and adaptability are not important when setting personal financial goals because it should not be necessary to change financial goals once they are set.

RATINGS (Circle the appropriate response.)

1. Was this course interesting to you?

5	4	3	2	1
Yes		Somewhat		No

(continued)

STUDENT WORKSHEET V-2
POSTTEST
(continued)

2. Would you recommend this course to others?

5	4	3	2	1
Yes		Somewhat		No

3. Was the material you learned in this course valuable to you?

5	4	3	2	1
Yes		Somewhat		No

4. Will you share any of your new knowledge with anyone else?

5	4	3	2	1
Yes		Somewhat		No

5. Will your behavior change in the future because of what you learned in this course?

5	4	3	2	1
Yes		Somewhat		No

TRANSPARENCY V-1

MANAGE RISK

PERSONAL PROPERTY

MEDICAL COVERAGE LIFE INSURANCE

APPENDIX A
ASSETS AND LIABILITIES

To help students better understand assets and liabilities, have them classify each of the following items as an asset or a liability.

Cash _____

Educational loan _____

Automobile _____

Furniture _____

Charge accounts _____

Insurance premiums _____

Home mortgage _____

Jewelry _____

Savings _____

Automobile loan _____

APPENDIX B
VALUES CLARIFICATION

Goals are based on values. In order to set realistic, individual goals, one must first examine personal values. Have students prioritize their values by bidding an amount of money for the items below. Give each student an imaginary amount of money (e.g.,$1200) to spend. They may bid it all on one item or divide it among as many items below as they want. They will have to consider how important a value is in case someone else bids against them, so students should make monetary considerations beforehand. You be the auctioneer.

Good health

World peace

Advanced education

Job security

Personal freedom

Peace of mind

Respect of others

Happy marriage

Close personal friends

Positive impact on others

Financial independence

Closeness with God

Beautiful surroundings

Control over others

APPENDIX C
CLASSROOM SPEAKER

Invite as a class speaker a banker or a community businessperson who extends credit accounts to individuals. Ask this speaker to discuss borrowing, lending, appraising credit limits, applying for credit, and building credit. Have students prepare questions beforehand to ask the speaker. Some examples of questions students might ask follow.

Do you have a written credit policy available for customers to read?

How do you collect money from delinquent accounts?

Is there a minimum age for borrowing or buying on credit from your institution?

What is the best way to build credit?

APPENDIX D
PRICING NECESSITIES

Sometimes it is hard for students to determine how much money is spent on necessities. Ask students to list all the items they purchase regularly and the amount of each item. Another way to do this would be to write down all the money spent each day for a month.

APPENDIX E
FINANCIAL ADVICE

Have students interview a financial specialist. They should prepare questions beforehand to ask. Ask students to write a short summary of their discussion and to share the information with the class.

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